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CONTROL OF ALCOHOLIC BEVERAGES IN NORTH CAROLINA

REPORT OF COMMISSION

TO

STUDY THE CONTROL

OF

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REPORT OF THE COMMISSION TO STUDY THE CONTROL OF ALCOHOLIC BEVERAGES IN NORTH CAROLINA

To His Excellency, the Governor of North Carolina, and the Members of the General Assembly:

Pursuant to the authority vested in His Excellency, J. C. B. Ehringhaus, Governor of North Carolina, under Chapter 476 of the Public Laws of 1935, your Commission was appointed on the eighteenth day of July, 1936.

Generally speaking, the Commission was charged with the following duties:

1. To study laws regulating the control of alcoholic beverages in the United States and any political subdivisions.
2. To make a survey of conditions in North Carolina relative to the manufacture, sale and use of alcoholic beverages.
3. To submit a report to the Governor and members of the Legislature containing the findings of the Commission, together with any legislation which the Commission might deem advisable to recommend.

In an effort to make its studies as complete as possible within the time permitted, the Commission obtained copies of the laws of the Federal Government and the various states and certain of the provinces of Canada. It conducted a series of public hearings in various parts of the State, and at these hearings every person who desired to bring any information to the attention of the commission was given full opportunity of expression. The Commission held the following meetings:

Raleigh	July 31, 1936
Raleigh	Aug. 27, 1936
Wilson	Aug. 28, 1936
Wilmington	Aug. 29, 1936
Asheville	Oct. 30, 1936
Asheville	Oct. 31, 1936
Charlotte	Dec. 3, 1936
Raleigh	Dec. 15, 1936
Raleigh	Dec. 18, 1936

In addition to these meetings members of the Commission went to Richmond, Virginia, and Columbia, South Carolina, and conferred with the control boards of those two states. In an effort to make the studies of the Commission thorough, certain questionnaires relating to conditions, sentiment and opinions in local communities were addressed to every Solicitor in North Carolina; to the Sheriffs, Clerks of the Superior Court, Chairmen of the Board of Commissioners in each county; to the Chairmen of Control Boards in those counties which have control boards; to the Judges of practically all of the police courts in North Carolina; to the Chiefs of Police in the cities and larger towns, and to the editors of every daily and weekly newspaper in North Carolina.

In addition to this the individual members of the Commission have talked to clergymen, educators, professional men, merchants, farmers, social workers, prohibitionists, manufacturers, liquor administrators, government of-

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ficers, public officials and those in many other different walks of life. The Commission has secured statistics concerning the operations of the control stores in the seventeen counties in North Carolina, statistics from the State Highway Department, court records and information from many other sources which it considered reliable.

The work of the commission naturally groups itself under four headings, and for the sake of clarity we have prepared this report on the following outline:

1. The National Problem and the Federal Laws (Page 4).
2. Problems and Laws of Other States:
   (a) State License Systems (Page 5).
   (b) State Monopoly Systems (Page 7).
   (c) Comparison of License and Monopoly Systems (Page 9).
3. Conditions in North Carolina (Page 11).
   (a) General conditions (Page 11).
   (b) Conditions in those counties of the State which have not established control systems (Page 11).
   (c) Conditions in the seventeen control counties (Page 15).
4. Conclusions and Recommendations (Page 22).

I. THE NATIONAL PROBLEM AND THE FEDERAL LAWS

Prior to the repeal of the Eighteenth Amendment various committees and organizations made surveys of conditions in the United States relative to the use, manufacture, distribution and control of alcoholic beverages. These reports are available and the Commission only calls attention to them here as references for anyone who may be interested in further studying them. Outstanding among these reports was that of the commission known as the Wickersham Commission submitted to the President of the United States on January 15, 1931, and the report prepared by the Rockefeller Commission published in 1935 in book form entitled "Toward Liquor Control."

Since the repeal of the Amendment, there has recently been printed a book entitled "After Repeal," written by Mr. Leonard V. Harrison and Miss Elizabeth Laine. This embodies a statement of their findings with reference to the result of repeal.

On February 20, 1933, Congress passed a resolution authorizing the states to vote on the repeal of the Eighteenth Amendment. Between April 3, 1933, and November 7, 1933, the necessary thirty-six states had voted to ratify the repeal amendment.

After the repeal of the Eighteenth Amendment the main concern of the Federal Government, insofar as liquor was concerned, seems to have been the collection of taxes. It levied and collected a special annual "excise tax of $1,000, in the case of every person carrying on the business of a brewer, distiller, wholesale liquor dealer, retail liquor dealer in malt liquor, or manufacturer of stills in any State, Territory, or District of the United States, contrary to the laws of such State, Territory or District, or in any place therein in which carrying on such business is prohibited by local or municipal law."

This turned out to be a Federal license tax for bootleggers in dry territory. It is hard to see how it can be contended that this tax was levied for

the purpose of discouraging illicit handling of liquor in dry states, in view of the instances in which bootleggers have been permitted to pay the tax to the Government in installments. We have been informed that there are a number of people in the dry counties of North Carolina who have paid the Federal Government the $1,000 tax and are engaged in selling liquor unmolested by the agents of the Federal Government.

In view of the enactment of the Twenty-first Amendment repealing the Federal Prohibition Laws, we do not deem it necessary in this report to make a detailed analysis of the existing Federal regulations, except to call attention to the fact that the Federal Government has set up a Federal Alcohol Administration Division which has as one of its functions the control of the manufacture, sale and transportation of alcoholic beverages.

II. PROBLEMS AND LAWS OF OTHER STATES

The repeal of the Eighteenth Amendment to the Federal Constitution came with such suddenness that many of the States were totally unprepared from the standpoint of legislation to meet the situation. Some of the states had never enacted state prohibition laws, and it immediately became necessary to enact control legislation to meet their needs. Two problems immediately confronted the various Legislatures, one was to restrict the use of alcohol within as narrow a limit as possible on account of the well recognized evils of the intemperate use of alcohol as a beverage; and second, to avoid excessive restrictions which, however sincere, would result in defeating the desired ends. It, therefore, became a problem not so much of combating evils which had arisen during the prohibition era, but of preventing a recurrence of the evils which had made prohibition an advisable policy.

Generally speaking, two types of control were enacted. The first was what is known as the State Licensing System, and the second what is known as the State Monopoly System. In some form or another each of these systems were put into effect in all of those states except six states which have retained prohibition. In the attached Appendix A are set out the types of control adopted in the various states. The classification as shown in Appendix A is not entirely accurate for the reason that there are so many variations within the State License Systems and the State Monopoly Systems that it is difficult to accurately classify either.

Virginia is generally regarded as typical of the State Monopoly System and South Carolina of the State License System. For this reason some of the members of the Commission visited each of these states and conferred with Virginia Control Board and the South Carolina Licensing Board.

THE STATE LICENSE SYSTEM

Generally speaking, under the License System the State, for a varying consideration, grants a contract or license to a private dealer to sell whiskey. The nature of these contracts or licenses depends upon the details of the legislation enacted. License states might authorize sale of liquor in the package to be consumed off the premises and sale of liquor by the drink to be consumed on the premises either with or without the purchase of food. In South Carolina there is a constitutional provision prohibiting the sale of liquor in amounts of less than one-half pint at a time. In most of the

Monopoly States there is no provision for sale of liquor by the drink. In some of the License States the licenses are handled either by a board or by a single commissioner or administrator. Most of these boards appear to be appointive rather than elective, and it seems to be generally conceded that a system of appointment is usually followed by much better results than a system under which the administrative officer is elected. Generally speaking, more competent men are secured under the appointment system than under the elective system.

The amount of salary paid the members of the licensing board or commission varies from $4,000 per annum to each of the administrators in Nebraska to $16,500 to the one administrator in New Jersey. In the License States the number of state employes is, of course, much smaller than the number in the Monopoly States where the government controls and operates the stores.

Liquor advertising seems to have been a source of controversy in all the states and particularly in the License States. It goes without saying that if a state is to license a dealer and permit him to make such profit as he sees fit, it will have to permit him to advertise his merchandise. Furthermore, the basis of all advertising is to increase sales, and these sales are made not only to those whose drinking habits have been more or less established, but to new drinkers as well. The Federal Congress has not, as many had hoped it would, prohibited liquor advertisements. This means that many magazines, newspapers and periodicals with a nation-wide circulation are distributed in states which would prefer not to legalize such advertising.

It has been argued that it would be unfair to the North Carolina publishers to refuse to permit them to carry liquor advertisements when their foreign competitors were permitted to do so. Indeed, North Carolina now has a law which has been construed to permit liquor advertisements in this State. Some of the other states have had the same problem and have met it by authorizing advertising, but with certain restrictions and limitations which must be observed.

In many of the states having licensing systems restrictions have been adopted prohibiting too frequent elections on the question of prohibition or some other type of control. A relatively long interval between elections certainly tends to allay wet and dry agitation and prevents a minority from keeping the matter continually in politics and the citizens in more or less of a turmoil. To meet this situation a number of the states have specified limitations of intervals in which elections might be held. For instance, in Illinois the interval must be forty-seven months, in Kentucky and Minnesota three years, in Missouri and New Mexico four years, and other states have also provided varying intervals.

One of the major tasks of any State Licensing System is the question of the selection of the licensees. In some of the states if the person can show previous good character and that he does not intend to open a liquor store within a certain community he is required to be licensed. In other states the licensing boards are given large and arbitrary discretion in determining who shall be licensed and who shall not. Naturally one who has been denied a license is disgruntled and quite frequently the charge of favoritism and politics is heard. Even though danger lies in granting large discretionary powers to licensing boards, those states which have granted such power

to the licensing boards are in a much better position to curb the evils attendant upon the opening of an excessive number of stores. In the city of Columbia, South Carolina, alone the Commission found that there were more than forty stores licensed to sell liquor. One thing which might be said in favor of the licensing system is that the authority and the ever constant threat of revocation of the license tends to hold the licensees in check.

The Commission has been told that in certain states which found it imperative to raise revenue a study of the various systems was made and the license system selected because it afforded the quickest and simplest method of raising revenue. For an unbiased appraisal of both the licensing and monopoly systems reference is made to the book hereinbefore referred to entitled "After Repeal."

STATE MONOPOLY SYSTEMS

In an honest effort to carry out the pledge that the evils of the old-time saloon should not return a number of the states immediately after repeal adopted what is known as the State Monopoly System. This bold and novel effort at liquor control has been adopted by sixteen states in whole or in part. These sixteen states, as set out in Appendix A, contain more than thirty per cent of the entire population of the United States. The State Monopoly System is based somewhat on the Canadian system and seems to have been conceived in the desire of many temperate people to curb the evils which sprang up in pre-prohibition days.

It also has as its basis a recognition of the evils arising from the use of alcohol, and a feeling that the State should take over the administration and control of liquor in an effort, insofar as it may be possible, to take the handling of liquor out of the hands of a criminal element. In most of the monopoly states a commission of three members administers the state's policy and manages the stores. The members of the commission are appointed by the Governor, and in some states the appointments are required to be bi-partisan. The theory underlying the bi-partisan nature of the appointments arose from an effort to keep the control of liquor out of politics. We doubt, however, if this has met with much success. In any business enterprise in which the directors are interested in the business politics seem to be soon forgotten in the interest of the successful management of the business.

Long terms of office for the administrators seem to have had a salutary effect, though many of the appointees have not filled their entire terms. Some of the terms for which the administrators are appointed both for the License and Monopoly States are set out in Appendix B.

The salaries paid the administrators in the various Monopoly States have also varied as well as in the License States. It would seem the policy of wisdom and economy to pay just as much as the State could possibly afford in order to secure men of the highest type. In many states the amount paid has been dependent upon the amount paid the heads of State departments. Salaries of full-time chairmen and administrators in some of the Monopoly and License States are shown in Appendix C.

In those states in which there is only one administrator all of the buying, price listing, and other details have been left largely to the one adminis-

trator. In most of the states, however, there are three members of the Commission, and, as in Virginia, there is a division of the responsibility. Usually one handles licensing and legal affairs; another purchasing and merchandising, and the third personnel, management, accounting and enforcement.

Under the Monopoly System, in all of the states except Vermont, purchasing is done by the commission. In all of the Monopoly States there has been an effort made to eliminate contacts between the retail salesmen in the stores and the wholesale salesmen representing the manufactures and distillers. We understand that this has also been the aim in the county control stores in North Carolina. Rules have been adopted in an effort to eliminate the pushing of sales of particular brands by the sales forces of the various stores, and in an effort to eliminate tips in the form of gratuitously supplied samples of liquor.

It is interesting to note the approach made by the various State Legislatures to the question of allowing discretion to the various control boards. In Virginia the control board is allowed plenary discretion on all administrative matters, and its decisions are generally regarded as final. Theoretically, the practice of allowing boards the authority to issue regulations having the force of law are not looked upon favorably, and it is easy to see that an abuse of the discretion might lead to a great amount of confusion and turmoil. However, the administrators have generally been paid such salaries that the State could afford the services of men of discretion. This was deemed advisable because it was obviously impossible to enact legislation which would meet every situation which could arise in controlling the sale of liquor.

The Legislatures of many of the Monopoly States have appropriated funds to be used in setting up stores. In many instances substantial portions of these funds were never used, and have been returned to the State Treasury. These systems have operated at varying profits depending largely upon the extent to which the State was interested in making profits.

The comment of Governor Martin of the State of Washington, operated under the Monopoly System, is particularly interesting. Upon the appointment of the liquor control board Governor Martin said: "It is not the purpose of this law to encourage anything other than temperance. Unlike many other businesses, you are not expected to promote sales. Instead of promoting the sale of liquor, you want to discourage it. Your function is only to make good liquor available to the people under proper conditions." The prices of liquor in the State of Washington were kept among the lowers in the country in order to curtail the bootlegger. The Legislature of the State of Washington, however, could not resist the temptation to reap a greater harvest in liquor revenues, and early in 1935 imposed a ten per cent sales tax. This action, according to a member of the board, "has annulled our efforts to keep the consumer's cost law. Our sales have dropped and our lost customers are patronizing the bootleggers again."*

The Commission has thought it advisable to append to this report information as to the per capita per annum liquor sales in the Monopoly States; profit ratios; the net revenue from representative Monopoly and License States, all of which is shown in Appendix D.

* See "After Repeal," page 139.

It seems to be conceded that the Virginia and Washington Monopoly Systems stand out from the others on account of the fact that they have taken special interest in the control feature rather than merchandising. Wherever the profit motive has been permitted to become paramount it has done so at the expense of control.

It is obvious that the State Monopoly System would not meet general approval in any state or community where there was a widespread demand for the sale of liquor by the drink for consumption on the premises. Your Committee has found very little demand of this nature anywhere in North Carolina, and we unhesitatingly advise that there should be no legislation of the sale of whiskey by the drink in North Carolina, certainly not at the present time.

Another constant danger to any state or county monopoly system is that of political control. For this, as well as any liquor control system, to be effective it must be removed as far as possible from political control.

Those monopoly systems have worked best where there has been the most independence and freedom from political pressure. An administrative board constantly harrassed by pressure of this nature has seldom proven successful.

In order for a state or county monopoly system to be effective the paramount motive must be social welfare rather than revenue. We also think that for this type of control to be effective it must be administered by capable, competent and well-paid administrators who should be men of sobriety and sufficient discretion to be entrusted with ample administrative powers. The key to liquor control depends upon investing adequate discretionary powers in the duly constituted regulatory body. Under mediocre or poor administrators any system will fail.

A crucial test faces the Monopoly System in the larger cities where there are substantial numbers of places where liquor can be illicitly bought by the drink. Already in some of the larger cities in the Monopoly States this question has given trouble. In order to meet this situation three of the Monopoly States, Pennsylvania, Ohio and Michigan, have legalized the private sale of liquor by the drink. This has been done in order to meet the illicit retailer.

In some Monopoly States there has been a turnover in the administrative boards on account of a defeat of the political party in power, or on account of other reasons. It is rather significant, however, that in the last quarter of a century no nation or state which has adopted the Monopoly System of liquor control has abandoned it. Equally significant perhaps is the fact that no state which has had the private license system since repeal has scrapped this for the state monopoly form of control.

COMPARISON OF LICENSE AND MONOPOLY SYSTEMS

In any License System the licensee who sells liquor must add to the initial cost charged by the manufacturer and the tax levied by the United States Government and the tax levied by the State Government, a profit sufficiently large to enable him to stay in business and support himself and his family. If he is to be charged a tax or license fee by the State it goes

without saying that he must be permitted to advertise, even though his right to advertise may be restricted. He, of course, has an incentive to increase the volume of his sales, and the prices which he charges ordinarily would be somewhat higher than the prices should be in monopoly stores. The higher the price the less effective the weapon for competing with the illicit handling of liquor. The governmental Monopoly System could be the means of lowering prices and providing more effectively for the eradication of the illicit handling of liquor.

In the wet states war on the bootlegger is dependent to a large extent upon the prices at which legalized liquor is sold. True, the licensees might combine to either raise or lower prices, but a combination of this nature might be difficult. Governmental control stores operated either by the state or by a county board authorized to fix prices have a more flexible weapon for combating the illicit trade. Where the sale of liquor has been legalized it has been most effectively controlled where the stores attempted to make sales at a price low enough to successfully compete with the bootlegger, and at the same time sufficiently high to discourage immoderate purchasing. We fear that all too few of the states, even under the Monopoly System, have approached the matter from exactly this angle.

Another feature of the State License System which has given trouble lies in the fact that wherever any legislation looking toward control or a decrease in the consumption of whiskey is offered in the Legislature, the licensees, quite frequently backed by the distillers, are able to assert powerful political pressure, which, in at least one instance called to the board's attention, has prevented the enactment of salutary control legislation. The monopoly system eliminates the licensees and thus deprives the liquor interests of this means of lobbying.

Private licensees could hardly be expected to turn away a customer when there was much uncertainty about his age, nor would they consider too carefully whether a prospective purchaser had reached such a stage of intoxication that he should not be sold more liquor. A governmental monopoly store run for control and not for profit would be more apt to refuse to make sales to those persons not entitled to buy liquor. The crux of the whole situation is that monopoly stores should not attempt to increase the volume of sales; whereas, it must be expected that private licenses would try to do this.

As between the two systems we are of the opinion that an accurate estimate is stated in the book elsewhere referred to, "After Repeal," that "The best of the state monopolies have in them greater potentialities for curbing the evils arising from the use of liquor than have the best of the private license systems. . . . The cardinal requirements for successful administration of a state store system are that it be administered by men who are free from all political or commercial influences; that in the jurisdictions where the sale of liquor by the package and by the drink is permitted, the restrictions be in keeping with the views of a large majority of the citizens, and among both administrators and legislators the aim of getting more profits be definitely subordinated to that of promoting temperance and the general welfare. A monopoly cannot really achieve success if any one of these requirements is lacking."

CONDITIONS IN NORTH CAROLINA

There are two liquor control systems in North Carolina. One is that of absolute prohibition as set forth in the Turlington Act passed in the Legislature of 1923. This applies to all of the counties of the State except those which were exempted by the act of the Legislature of 1935. The liquor control system in those seventeen counties and two townships which have come under the provisions of the New Hanover and Pasquotank Acts of 1935 is that of legalized sale in county stores. In making our report, we have consider it advisable to treat the two systems separately, and for the sake of brevity have termed the seventeen counties as control counties, and the others as prohibition counties.

THE PROHIBITION COUNTIES

During the five months in which the Commission has been in existence, it has obviously been impossible and perhaps unnecessary to visit every section of the State in order to determine the conditions with reference to the use and handling of liquor. We have given our problem careful, and we think, diligent attention.

When we come to the consideration of conditions in the eighty-two counties of the State in which ardent spirits are not legally sold, we find difficulty in describing those conditions. These conditions are not uniform throughout the several counties. There are almost as many opinions as to how bad these conditions are, and whether or not they could be improved by the legalized sale of whiskey, as there are persons to give evidence in regard to the same.

We think it is immediately apparent that conditions beyond which North Carolina had no control have greatly affected conditions in the so-called prohibition counties. After the repeal of the Federal Prohibition Act, Virginia, bordering on North Carolina for 312 miles, and South Carolina, bordering North Carolina for 324 miles, have both legalized the sale of liquor. If North Carolina had no liquor stores, South Carolina and Virginia would provide or have already provided such stores within fifty miles of approximately two-thirds of the population of North Carolina. During 1935 Virginia sold approximately 2,100,000 gallons of liquor and during the last twelve months' period South Carolina has sold approximately 1,400,000 gallons. Unquestionably a part of this crossed the State boundary lines for consumption in prohibition counties.

Elsewhere in this report we have listed the other states in the Union which have legalized the sale of liquor, and not only have quantities of whiskey come from these states into North Carolina but a question has arisen in the minds of many of the people in the prohibition counties as to whether they can continue to have prohibition in view of the fact that a large number of the nearby states have legalized the sale of whiskey, and also in view of the fact that there are seventeen counties and two townships in North Carolina which have legalized the sale of whiskey.

In an effort to determine the extent to which whiskey is being used in prohibition counties, the Commission sought the assistance of the Federal Government. There seems to be no way of telling with any degree of accuracy the amount of whiskey illegally handled in the eighty-two prohibition coun-

ties in North Carolina. We are prepared to believe that there are a large number of places in these counties in which liquor can be bought illegally, and particularly in those counties which have a large urban population. One witness appeared before the Commission and stated that an association with which he was connected had made a survey in three of the larger prohibition counties of the State and had found that there were many hundreds of places in each of those counties where whiskey was being sold illicitly. However, the Commission has no way of knowing whether these estimates are accurate. We are attaching to this report as Appendix E the figures furnished by the Federal Government as to the amount of liquor destroyed and the seizures of illicit distilleries in this State.

In an effort to estimate the size of the illicit liquor industry in the prohibition counties from still another angle, we have obtained the per capita per annum sales in the State of Virginia and in the seventeen counties of North Carolina. South Carolina figures were not available. Even if it be assumed that the drinking habits of the citizens of the prohibition counties are approximately the same as those in Virginia and the control counties in North Carolina, some reasonable reduction would have to be made for liquor purchased by the inhabitants of the prohibition counties in the neighboring states and the seventeen counties. During 1935 the per capita per annum amount spent for liquor in Virginia was $5.29.

From the best information available, for the twelve months' period ending October 31, 1936, the stores in the seventeen counties sold $3,213,351.72 worth of liquor. Based on the last census the population of these counties is approximately 592,697, representing about one-sixth of the State's population. Therefore, the average per capita per annum expenditure for liquor for all persons in these counties was $5.42 for the last twelve months. Of course, in considering this figure, it should be understood that not all of the liquor was purchased by inhabitants of the counties. If we were to estimate that seventy-five per cent of it was purchased by the inhabitants of the county, this would still mean that the liquor bill for one-sixth of the population of the State for the last twelve months was approximately $2,410,000. Upon such a basis the liquor bill for the remaining five-sixths of the State in the prohibition counties would amount to approximately $12,000,000. During the last twelve months' period the gross sales in Virginia amounted to $13,145,-972.50.

The Commission was interested in ascertaining what effect, if any, the legalizing of the sale of liquor had had on the number of convictions for persons charged with driving automobiles while intoxicated. The State Highway Patrol has probably enforced this law as uniformly in one section of the State as another. Upon statistics furnished by the Safety Division of the State Highway Patrol for convictions on this charge, the average figure based on population for the entire State was .1152 for the period from January 1, 1936, to August 14, 1936, the date when the figures were furnished the Commission. The ten counties having the highest number of arrests were as follows:

Cabarrus	.3090	Richmond	.2264
McDowell	.2901	Mecklenburg	.2243
*Lenoir	.2799	*Nash	.2122
Guilford	.2631	Rowan	.2117
†Moore	.2304	†Burke	.2074

* Control Counties. † Partly Control.

The figures for the seventeen control counties are as follows:

Beaufort	.1085	Martin	.1795
Carteret	.0355	Nash	.2122
Craven	.1532	New Hanover	.1674
Edgecombe	.1148	Onslow	.0392
Franklin	.0985	Pasquotank	.1254
Greene	.1340	Pitt	.1799
Halifax	.1089	Vance	.1575
Lenoir	.2799	Warren	.0728
		Wilson	.1915

The four counties having the highest number of arrests were Cabarrus, McDowell, Lenoir and Guilford. In these counties the ratio of arrests for drunken driving was double that of the State average, while it will be seen that the figures for most of the control counties are much lower than the State average.

The Bureau of Motor Vehicles of the Department of Taxation and Finance for New York State has furnished statistics relative to accidents in which drivers were intoxicated. These are as follows:

	Jan.-June, 1934	Jan.-June, 1935	Jan.-June, 1936
Fatal accidents	21	21	17
Non-fatal accidents	333	300	278
Total accidents	354	321	295

Other statistics furnished by Dr. Julian Ashby, Head of the State Hospital in Raleigh, indicated that the use of liquor had a tendency to increase with the betterment of economic conditions and to decrease when economic conditions were bad. As evidence of this he furnished the Commission statistics indicating that admissions to the inebriate ward of the State Hospital increased immediately after the payment of the Veterans' bonds.

In an effort to obtain information of a state-wide nature with reference to public opinion, sentiment as to public backing of enforcement and other pertinent facts, questionnaires were sent to the Clerks of the Court, the Sheriffs, the Chairmen of the Boards of County Commissioners in every county in North Carolina. In addition similar questionnaires were sent to the editors of each daily and weekly newspaper published in the State, police court judges and chiefs of police in all the cities and larger towns of the State and to each solicitor. The questionnaires were the same except that there was an added list of questions for each of the sheriffs requesting them to give their observations with reference to the use of alcoholic beverages in their respective counties by people under thirty years of age, and questions relating to law enforcement. Unfortunately, less than one-half of either group answered the questionnaires and the Commission has not obtained sufficient expression of opinion on which it feels that it can base any accurate conclusions.

As evidence of the variety of information and opinion obtained by means of hearings, questionnaires and otherwise, we give a few of the opinions from law enforcement officers and others in the State.

The answers presented a variety of opinions and much interesting information. Taken over the entire State 91.4 per cent of those answering the questionnaire stated that in their judgment the Turlington Act was not

backed by sufficient public opinion to make its enforcement effective. Of the replies received from the seventeen counties and Moore County, 91.6 per cent stated that conditions with reference to bootlegging and the illicit handling and manufacture of whiskey had improved since the opening of the control stores.

Most all of the Sheriffs in the seventeen control counties who answered expressed the opinion that law enforcement has been an easier matter since the opening of the stores.

We have also examined statistics as to the number of arrests for drunkenness and other crimes growing out of the use and handling of alcohol and have reached the conclusion that there are too many varying factors which must be considered before statistics can be of much value and that statistics are rather undependable. All statistics on this subject should be accepted with the utmost caution. When it comes to opinion evidence, there is a wide variety. Frequently the opinions of witnesses seem to be based upon their preconceived notions rather than upon facts gathered with a view of an unbiased opinion. As to such information and evidence, we think the following quotation from the book "After Repeal," recently published, is very pertinent, and to a large extent true:

"The American Institute of Public Opinion has made the most extensive compilation of individual opinions as to whether conditions are better since repeal, or worse, or without significant change. Thirty-six per cent of the persons who replied to the Institute's questionnaire indicated that they had observed an improvement, 33 per cent held that conditions were worse, and 31 per cent thought that they could see no appreciable change. Taken as they stand these figures show an astonishingly even division of opinion; they are quite inconclusive so far as throwing any light on the success or failure of liquor-control measures is concerned. But the simplest possible manipulation of the figures furnishes even more surprising results. Thus, 67 per cent of the responses indicate that conditions are better or no worse than during prohibition, while 64 per cent are recorded as believing that the situation is worse or no better since repeal. Statistics are frequently condemned for their adaptability to the statistician's prejudices, but they rarely admit of a two-thirds majority for seemingly opposite conclusions as they do in this case. The simple truth is that at present public opinion cannot furnish a basis for evaluating the social results of legalized selling of liquor. From the many inquiries which we have made during the course of this study we have come to the conclusion that the opinion of the great majority of commentators on the social or control problem is merely a reflection of their personal attitude toward liquor."

All the information leads us to the conclusion that conditions in many of the dry counties are bad. Large quantities of illicit liquor are both manufactured and sold in many of these counties.

Much of the information before us indicates there had been a rapid increase in the consumption of whiskey and other intoxicants in the State within the last ten years. There is evidence that in practically every county in the State whiskey may be readily obtained by those who frequently use the same or desire to obtain it. We were told that in the larger centers of population the number of places at which whiskey might be bought, and the number of people engaged in the business are astoundingly large. Without going into detail, we can say that the conditions are bad, and in some of the counties apparently little effort is made to enforce prohibitory laws.

So long as there remains a condition under which the bootlegger can make a profit and flourish, as he is now doing in many of the dry counties in North Carolina, such conditions as these may be expected to continue.

As to the situation in the "dry" counties, members of the General Assembly probably have nearly as much information as we have gathered. It is difficult to compress such data into a short space, and when given in detail is not very illuminating or conclusive.

THE CONTROL COUNTIES

By Chapter 418 of the Public Laws of 1935 known as the New Hanover Act, and Chapter 493, known as the Pasquotank Act, the County Commissioners of eighteen counties in the State were authorized to call elections in their respective counties in order that the voters might express their will as to whether the sale of liquor should be legalized and county control boards should operate under a County Monopoly System. The Pasquotank Act also provided that upon petition signed by a majority of the qualified voters in McNeill and Mineral Springs Townships in Moore County certain control stores operated by the Wilson County Board could be set up in those two townships in Moore County. Each county called elections and all the counties with the exception of Rockingham voted to put the system in operation. A list of the counties and the results of the elections are attached hereto as Appendix F.

For the purposes of comparison we have also given the total number of votes cast in these counties in the general election of 1936, though we understand that there were the names of a number of new registrants placed on the books after they were opened for the 1936 election.

The only county which furnished the Commission complete returns was Edgecombe. Out of the twenty-one voting precincts in Edgecombe County only three returned more than twenty-five votes against control and in one precinct with 114 votes, the result was unanimous for control.

A sufficient number of voters signed the petitions in the two townships in Moore County with the result that control stores were opened by the Wilson County Board in Southern Pines and Pinehurst.

In compliance with the results of the elections control boards were established in each of the counties except Rockingham.

Generally speaking the provisions of the two bills were the same. In the New Hanover Act, applicable to a county of comparatively large urban population, it was provided that seventy-five per cent of the net profits of store units situated in the corporate cities and towns were to be paid to the general fund of such cities and towns and the remaining portion to New Hanover County. Under the Pasquotank Act the counties in most instances received the entire net profits. The two stores set up in Moore County were operated by the Wilson County Board and the profits went to Wilson rather than Moore County.

On all liquor sales the State has collected a three per cent sales tax on the gross sales and in addition a chain store tax. For the twelve months' period ending October 30, 1936, the State is estimated to have collected $96,-

400.05 in sales tax on total gross sales of $3,213,351.72. During the last twelve months it has collected $2,490.00 in chain store taxes on account of the operation of more than one store in a county.

Briefly summarizing, these acts gave the Control Boards in the respective counties complete control and jurisdiction over the importation, transportation and sale of alcoholic beverages within the county, and the Boards were given exclusive power to buy and sell, to adopt rules and regulations governing the carrying out of the act, to promulgate any necessary supplemental regulations, employ such clerical and other assistance as they deemed necessary, to purchase or lease store sites and storage rooms; to control, regulate and prohibit advertising, to fix the prices at which alcoholic beverages containing more than five per cent of alcohol could be sold; to establish stores in such locations as they designated, and generally to supervise the operation of the stores, to regulate the opening and closing hours within the limits of nine o'clock A. M. and six o'clock P. M. and to see that the control laws were enforced.

After the appointment of the County Control Boards stores were opened and have been operated under the management of the County Control Boards. Each of these boards put into effect an accounting system and issued regulations prohibiting the sale of whiskey to minors, to intoxicated persons and to certain interdicted persons such as habitual drunkards, etc. We were advised that all these stores established the plan of marking up the cost of the goods fifty per cent and after paying back the cost of the goods and all operating expenses showed a net profit which varied between 11.36 per cent in Greene County to 23.70 per cent in New Hanover County. In no instance was any situation called to the attention of the Board in which the County System as a whole had lost money though there were one or two instances in which certain of the stores had failed to make a profit.

The County Boards at the beginning were unable to pledge the credit of the County and began operations on more or less a consignment basis. The management of the Boards purchased the merchandise direct from the distilleries. The Commission has attempted to find out whether anything could be saved if the purchases were made either by the State or in larger units than single counties. It was advised that something could be saved on purchases made in carload lots but that to either the State or County the prices would be the same either on carload lots or in amounts less than carload lots. In an effort to reduce the cost of merchandise we find that some of the counties have joined in purchasing carload lots.

We are appending to this report, as Appendix G, a statement showing the number and location of the stores opened by the various boards and the dates of opening. We also attach as Appendix H statement showing the gross receipts of the various county stores to October 1, 1936, the cost of merchandise and other expenditures, the net receipts and the county population based on the last available census records. The figures given in this report do not include any tax received from the sale of beer, nor do they include figures as to any wine sold except wine sold through the various county control stores.

The Act permitted the various counties to spend five per cent of the profits for law enforcement. Some of the larger counties seem to think this sufficient; however, some of the counties with small profits feel the amount en-

tirely inadequate. If this State took over or controlled enforcement under a State system the tendency of the Counties would be to shift the burden to the State, and this should not be done.

At the hearings held in the control counties, the Commission found that in each and all of the seventeen control counties there are many people, apparently less than the majority, who sincerely believe that the sale of whiskey should never have been legalized. They conscientiously object to control stores, and believe that there have been no improvements in conditions. Some thought conditions worse since the stores were opened.

Many conscientious and law-abiding citizens, some of whom said they had been advocates of prohibition, either appeared before the Commission or wrote members of the Commission, expressing the opinion that control stores had greatly improved conditions in their counties. They felt that a large percentage of bootleggers had been put out of business, and that control by counties under this plan offered the best remedy for conditions described by them as intolerable under prohibition. Many expressed the opinion that if the vote were taken again the majorities in favor of control would be greater than the majorities in the elections.

A number of county officials in the control counties advised the Commission that in their opinion three-fourths of the people who had been handling liquor illicitly had been put out of business by the opening of the control stores. Many of them thought that sales to minors had been considerably lessened.

It is impossible for the Commission to determine whether the opening of the stores has increased or decreased the use of whiskey. Opinions in the seventeen counties varied and were perhaps influenced to some extent by what a person desired to believe. Aside from a possible temporary increase immediately after the opening of the stores, it is impossible for the Commission to say that the opening of the stores either increased or decreased the consumption of whiskey.

It is obvious to the Commission that the best results have been obtained from the operation of the control stores in those counties in which sentiment has been strongest for legalizing the sale of liquor, and in those counties which have selected the best control boards. Before any county control system can be effective, it should express the will of the majority of the citizens in the county and must be operated by men of character and ability.

Witnesses appeared at the hearing in Wilmington who occupied high official positions and also private citizens who pointed out to the Commission that in Wilmington alone more than a hundred speakeasies and liquor dives had been closed since the opening of the control stores. The Commission was also informed that at the beginning of a recent term of Court there were less than twenty cases on the criminal docket of Superior Court as compared to a larger number before the stores were opened.

On the whole, the County control systems in the seventeen counties seem to have worked satisfactorily to a majority of the people in these counties. Generally speaking, the boards are composed of capable men, and have been backed by sufficient public sentiment to insure a fair trial of the system.

We think enforcement can be improved in those counties by the Control Boards being given the appointment of enforcement officers and by increasing the amount allowed for law enforcement.

Some persons in the seventeen counties were interested in seeing the present control laws enforced primarily from the social aspects of controlling liquor, while others were frankly interested in the revenue or profits. Law enforcement officers in these counties said they were receiving information valuable to them in breaking up the illicit manufacture and sale of liquor.

The bill creating this Commission did not direct the Commission to advise the General Assembly what it should do with reference to legalizing the sale of liquor in North Carolina and the Commission does not presume to do so. However, our studies have convinced us that the subject is so technical and so frought with ramifications not apparent on the surface that we have deemed it advisable to append to this report the type of control bill which we feel ought to be followed at least in its general provisions in case the General Assembly should see fit to enact legislation regulating and controlling the sale of liquor. In this bill we have attempted to follow, broadly speaking, the provisions of the Governmental Monopoly System rather than the License System. We have done this because we are convinced that a system of this kind more nearly tends

1. To eliminate liquor control from politics.
2. To paramount social welfare rather than revenue and profits.

This bill is attached to this report and marked Appendix I.

If this system is to be adopted, we think the method suggested for selection of control boards will prove most satisfactory in the long run.

We have no illusions that any legislative enactment in the present period of transition can accomplish complete success. The slow process of education will probably afford the best hope for an ultimate solution. The bill passed by the last Legislature requiring the teaching of the youth in the public schools the evil effects of alcohol on the human system is a step in the right direction.

While the bill is self-explanatory we deem it advisable to give our reasons for a few of its provisions. The bill of course relates only to conditions in the State at the present time.

It will be noted that the appended bill provides a State Commission with general supervisory powers. We listened carefully to the arguments of the representatives of the control counties asking that they be left alone by the State and that there be no State supervision. If the County system is to continue, undoubtedly other counties will desire the right to legalize the sale of whiskey and we can see no justification for a system which permits one county in the State to vote on the matter and does not at the same time give other counties which may desire to do so a right to vote. We have no way of knowing how many additional counties would prefer to have the sale of liquor legalized; certainly, however, if there are any appreciable number of counties in the State in which the sale of liquor is to be legalized, there should be some form of State supervision. With a large number of county stores it is inevitable that ultimately practices would creep in which should be checked immediately. The main concern of the State should be with the administration of the law rather than the enforcement which is and should remain a county matter. While at the present the county boards may be managing their systems well, if the people of the State are to be pro-

tected and if the system itself is to be given a fair trial, we think that there should be a certain amount of State supervision. This should not extend to such length as to destroy county autonomy or to cause the counties to lose interest in the administration and enforcement of the county system. Wherever possible we deem it advisable to leave the bulk of the authority to the county boards and make these boards responsible for the conduct of the county system.

It will be noted that we have recommended a State administrative authority composed of three men, one of whom shall be paid a salary of $6,000 per annum and the others a per diem of $25.00 for the days actually served. The position of Chairman of the State Control Board is one which would require the services of a man of utmost discretion, tact and ability. We feel that no system can be any better than its head and have deemed it highly advisable that sufficient compensation be paid to secure the services of able men.

Obviously the Legislature cannot write a control bill which would meet every situation. Numerous subordinate questions dealing with administrative policy would arise and the State and counties would be better off if the settlement of these questions were left to administrators of ability and discretion.

North Carolina already has a law permitting certain liquor advertising and if this policy is to be continued we feel that the State Commissioner should be given wide discretionary powers to either prohibit advertising or to promulgate such restrictions as he might deem proper.

Naturally in any system where there is no competition and the governing authorities are permitted to name the prices, and there is a prevalent desire for the products sold, there will be profits. The Commission has felt, however, that the profit motive should be subordinated to that of control and that prices should be lowered to a point where there might be successful competition with the bootlegger and yet kept sufficiently high to prevent immoderate purchasing.

Under the system outlined in the accompanying bill, it was the thought of the Commission that a large portion of the profits should be left in the counties, suggested that the net profit should be divided on the basis of eighty per cent to the counties and twenty per cent to the State. The State's share is in addition to the three per cent which it receives on the gross sales. If the sale of liquor is to be legalized the Commission sees no reason why the sales tax should not apply to this as well as to any other merchandise included in the provision of the tax. The Commission does feel, however, that an unwholesome condition would have arisen when either the State or the counties found it necessary to use profits from the sale of liquor to balance their budget. The profit motive carried to this extent will make all the more difficult an ultimate solution of the problem based upon decreasing the use of alcohol. We feel, however, that the fact that the profits have gone into county treasuries in the seventeen control counties has had some beneficial result from an enforcement standpoint in that the officers are receiving coöperation from people who felt that the more bootleggers and moonshiners put out of business the greater the sales of the county stores, and the greater the sales the larger the profits, and the larger the profits the greater the reduction in the tax rate.

The municipalities have contended that they should be entitled to a portion of the profits, and in New Hanover County and in Pasquotank the cities receive a portion of profits. However, the proportion between the urban and rural population in the different counties in the State varies so greatly that it is difficult to establish any rule. Any system which gives the county the profits necessarily benefits the citizens of the municipality in that any sums received by the county not only benefit the residents of the county outside the cities but also the residents inside the cities. We are not inadvertent to the argument of the municipalities that they have to maintain a police department to enforce control laws, and for this reason should share profits from the control stores. We are not convinced that the work of the police department would be increased as between control stores and prohibition. The appended bill, therefore, provides that after the State's part of the profits has been deducted the remainder of the profits shall go exclusively to the counties. We have no desire to be dogmatic in excluding the cities, but we knew of no standard rule which could be applied to each of the counties in the State which might determine to legalize the sale of whiskey. Conditions in the various counties vary greatly as to the proportion between urban and rural population, proportion between city and county tax rates, proportion between bonded indebtedness, and so forth. We have, therefore, chosen the simplest rule which would permit the counties to receive the profits. We concede that one rule is not an absolute necessity, but point out that if each county and city were allowed to fix these rules for themselves the matter of the division of profits would soon become the subject of politics in its worst form and would become a healthy breeding ground for many future political storms.

As related to profits another question repeatedly called to the attention of the Commission was that of earmarking the profits for some particular use. After careful consideration we have reached the conclusion that it would not be proper to appropriate the profits for any particular purpose.

It is easy to suggest that profits derived from the sale of liquor should be used for education, and particularly temperance education, law enforcement, hospitals, pensions, charitable institutions, mothers' aid, and social security appropriations. No social activity of the government should be financed by liquor revenue. To do so would lead to an irresistible tendency to promote merchandising or to increase the volume of sales in order that funds might be raised for the accomplishment of a particular purpose. This is not sound public finance. We believe that any profits should go into general public funds.

In drafting the bill, the Commission has in many instances followed the Pasquotank and New Hanover Acts. In addition to the departure in suggesting a State Commission, we have recommended a change in the method of selecting the County Control Boards. We have suggested that the members be selected at a joint meeting of the Board of County Commissioners, the County Board of Health and the County Board of Education. We hope that the selection by a group of this size will tend to keep the appointment of the personnel of the County Control Board out of politics and to insure the selection of men of the highest standing and ability. The enforcement officials employed out of the profits from the system should be responsible to the County Control Board.

There are also other changes. Much of the bootlegging is done after the stores have closed at six o'clock. If the County Boards were given more discretion as to the opening and closing of the stores under State supervision, many of these illicit operations could be eliminated. We therefore incorporated such a provision in the bill.

The various enforcement officers in the counties paid out of the profits from the sale of liquor should be appointed by the control boards and made directly responsible to these boards. By doing this the officers would be detached from any other office and could devote their full time to the enforcement of the control laws.

The amount allotted for enforcement should also be changed so that the minimum amount of the profit which could be spent for enforcement would be five per cent, with the discretion on the part of the Boards to expand up to ten per cent for this purpose.

As a further aid in breaking up the illicit handling of liquor, the law should provide that the possession of any quantity of liquor in an unstamped bottle should be illegal. We realize that bootleg liquor could be put in a stamped bottle, but the suggested provision would be of material help to the enforcement officers.

We have also provided that there shall be no vote in any county oftener than once in three years. We do this in order to prevent the liquor question from being a constant source of turmoil and unrest.

BEER AND WINE

The Legislature of 1935 legalized the sale of beer and also legalized the sale of wine made from grapes grown in the State through a process of natural fermentation. There are two kinds of wines, one a wine made by a process of natural fermentation and these contain no alcohol other than that created by natural processes. The alcoholic content of these does not run over fourteen per cent.

Fortified wines, such as port and sherry, are made by adding to the natural process of fermentation alcohol distilled from fermented grapes. The alcoholic content of these wines sometimes run as high as twenty-two per cent by volume. The Commission is making no recommendation with respect to the sale of beer and naturally fermented wines. We do, however, call attention to the fact that we have observed a rather widespread violation of the law in regard to the sale of heavy beer and ales containing more than five per cent of alcohol and fortified wines. We think a great deal of this is the result of confusion as to just what changes were made in the laws relative to the sales of beer and wine by the 1935 Legislature, and we feel that perhaps some clarification by the Legislature on this point would be wise. It has been the feeling of the Commission that retail stores and licensees might continue to handle beer and naturally fermented wines, but that any beverage containing a greater percentage of alcohol than a naturally fermented wine should be handled exclusively by the control stores.

In the appended bill we have not made any provision legalizing the manufacture of whiskey in North Carolina. We have felt that the policy of the State in this respect was a matter which should be left to the determination

of the General Assembly. Many of those who answered the questionnaires thought that manufacturing should be prohibited, while others thought that if the sale of whiskey were to be legalized there could be no valid argument against permitting manufacturing under strict Governmental supervision.

In our studies of this very important question, we have talked and listened to and read after many people to whom we are indebted for information, statistics and opinion. We particularly acknowledge the assistance rendered us by the office of the State's Attorney-General, the State's Revenue Department, the State Highway Commission and its Department of Safety Control, the State Board of Charities and Public Welfare, the United Dry Forces, the Distillers' Institute, the various members of the control boards in the seventeen control counties, preachers, educators, judges, hotel men, and those who have voluntarily brought information to our public hearings and filed briefs with the Commission, the Federal Alcohol Administrative Unit of the United States Government, Professor Yandell Henderson, who has written a valuable book entitled "A New Deal in Liquor," the book entitled "Toward Liquor Control," published by the Rockefeller Commission, and the book entitled "After Repeal," written by Mr. Leonard V. Harrison and Miss Elizabeth Laine. Many of the statistics contained in this report are taken from these sources; and with due apologies to them, their carefully considered thoughts and well chosen words have formed a part of this report.

III. CONCLUSIONS AND RECOMMENDATIONS

After giving careful consideration to all matters referred to us, we find ourselves in complete agreement as to the following conclusions and recommendations:

1. Any system of control, whether it be prohibition or control by legalized sale under any of the systems described in this report, should have three aims:

First—The System should tend to increase rather than decrease respect for the control law;

Second—The System should tend to discourage rather than encourage the use of alcohol and should tend to promote temperance and make intemperance disreputable;

Third—The System should be enforced in such way as to eliminate to as large an extent as possible the illicit handling of liquor and should have as one of its primary aims the driving of the illicit dealer out of business.

2. There should be no legalized sale of liquor in any County unless and until a majority of the voters in that County have voted to legalize the sale of whiskey. To do otherwise would not show a proper respect for the feelings of the citizens of those counties and would not insure a fair trial for any control system.

3. The State should not adopt any system of licensing the sale of intoxicants by privately operated stores.

4. There should be no sale of whiskey anywhere in North Carolina by the drink.

If the sale of whiskey should be legalized, we would recommend:

1. That if one County is to be given the right to determine by a vote of its citizens whether it would legalize the sale of liquor, any other County in the State should be entitled to the same right of determination.

2. That in any system there should be a measure of State supervision. This should not be carried to an extent which would either destroy County autonomy or which would cause a relaxation of the desire on the part of the counties to see control laws enforced. However, there are supervisory powers which can best be administered by the State. These are specifically set forth in the attached bill.

3. That all possible steps be taken to eliminate politics in the administration and enforcement of any system. It would be economical to employ men of the highest ability and discretion.

In reference to the bill, a copy of which is attached hereto as Appendix I, the following statement is necessary: Four members of the commission, to-wit, Messrs. Bryant, Raoul, Beasley and Gilliam, are of the opinion that said bill should be enacted as drawn. The other three members of the Commission, to-wit, Messrs. Varser, Hines and Robinson, are of the opinion that said bill should not be effective unless and until it is approved by a vote of the people of the State as a whole, and these three members, therefore, are of the opinion that in place of Section 26 of said bill there should be substituted a section, a copy of which is attached hereto as Appendix J.

This bill is offered without prejudice to the views of any of us, and without rehearsing the reasons by which some of us come to the conclusion that one method of adoption should be pursued and some to the conclusion that the other method should be pursued. We recognize this as a question of policy which the Legislature alone can determine, and forego any controversy on the point, merely stating in brief the position of each member of the Commission.

We respectfully hope that the efforts of your Commission will be of some service to His Excellency, the present Governor; His Excellency, the incoming Governor, and the members of the 1937 General Assembly and to the citizens of the State as a whole.

Respectfully submitted,

(Signed) Victor S. Bryant, *Chairman*,
Donnell Gilliam,
R. F. Beasley,
Thos. Wadley Raoul,
John M. Robinson,
L. R. Varser,
Chas. A. Hines.

APPENDIX A

States with State-wide prohibition (6):

Alabama	Mississippi
Georgia	Oklahoma
Kansas	Tennessee

States with private sale having State Licensing Systems (26):

Arizona	Minnesota
Arkansas	Missouri
California	Nebraska
Colorado	Nevada
Connecticut	New Jersey
Delaware	New Mexico
Florida	New York
Illinois	North Dakota
Indiana	Rhode Island
Kentucky	South Carolina
Louisiana	South Dakota
Maryland	Texas
Massachusetts	Wisconsin

States which have entirely or in part adopted Monopoly Systems (16):

Idaho	Oregon
Iowa	Pennsylvania
Maine	Utah
Michigan	Vermont
Montana	Virginia
New Hampshire	Washington
North Carolina	West Virginia
Ohio	Wyoming

APPENDIX B

TERMS OF OFFICE—STATE ADMINISTRATORS

Term of Years	*Monopoly States*	*License States*
Two		New Mexico
Three	Maine, Michigan New Hampshire	Massachusetts
Four	Ohio, West Virginia	Florida Indiana Minnesota
Five	Virginia	Delaware New York
Six	Idaho, Iowa, Oregon, Pennsylvania, Utah, Vermont	Connecticut Illinois South Dakota
Seven		New Jersey
Nine	Washington	
Indefinite		Missouri Rhode Island

APPENDIX C

SALARIES—STATE ADMINISTRATORS

	Monopoly States	*License States*
$3,500	Vermont	
4,000	Idaho, Maine, New Hampshire	Nebraska
4,500	Iowa, Washington	Minnesota Missouri
5,000	Michigan, Oregon	Illinois
6,000	West Virginia	Indiana
6,500	Ohio	
7,000		Connecticut
7,500	Virginia	Massachusetts
10,000	Pennsylvania	
12,000		New York
16,500		New Jersey

APPENDIX D

Per capita liquor sales in some of the states based upon a high, medium and low average are as follows:

	Per Capita Per Annum
High	
Montana	$8.75
Washington	7.14
Idaho	7.06
Oregon	6.41
Utah	6.17
Medium	
New Hampshire	6.10
Pennsylvania	5.80
Virginia	5.29
Ohio	4.88
Michigan	4.74
Low	
West Virginia	4.41
Maine	4.38
Vermont	4.06
Iowa	2.46

The highest and lowest profit ratios are found in the following states:

Ohio	27.4%	Washington	16.0%
Virginia	26.1%	Michigan	15.8%
West Virginia	24.2%	Pennsylvania	13.8%

We are listing below certain of the state liquor revenues for the year 1935:

MONOPOLY STATES

State	*Total Net Revenue*	*Per Capita*
Montana	$ 1,638,402	$3.05
Ohio	19,520,153	2.94
Pennsylvania	25,204,130	2.62
Washington	3,411,798	2.18
Michigan	10,211,135	2.11
Oregon	1,391,611	1.98
New Hampshire	886,591	1.91
Virginia	4,497,774	1.86
Maine	1,206,300	1.51

LICENSE STATES

State	Total Net Revenue	Per Capita
New York	$37,121,318	$2.95
New Jersey	10,693,604	2.65
Rhode Island	1,443,384	2.10
California	10,780,046	1.90
Connecticut	2,913,569	1.81
Indiana	5,541,772	1.71
Massachusetts	7,088,351	1.68
Delaware	352,371	1.48
New Mexico	593,034	1.40
South Carolina	1,286,462	.74

APPENDIX E

NORTH CAROLINA SEIZURES OF ILLICIT DISTILLERIES, STILLS, SPIRITS AND MASH BY FEDERAL AGENTS

Year	Distilleries	Stills	Spirits (gallons)	Mash (gallons)
1910	378	241	340	
1911	440	322	661	
1912	486	267	435	No
1913	446	282	151	Record
1914	535	312	286	
1915	786	436	357	
1916	882	533	.....	
1917	680	411	872	
1918	753	.....	293	
1919	720	.....	.....	
Total	6,106	2,804	3,395	
1920	3,104	.....	4,796	.....
1921	3,838	.....	8,528	.....
1922	1,400	166	10,182	.....
1923	1,393	154	14,781	16,569
1924	780	960	13,768	10,164
1925	837	1,917	18,272	300,400
1926	2,044	1,299	19,156	339,917
1927	1,824	454	19,149	1,193,031
1928	1,841	1,036	18,228	2,533,317
1929	1,998	326	20,924	1,611,083
1930	2,441	58	17,274	1,670,300
1931	.....	2,532	14,981	387,650
1932	2,436	.....	22,129	1,509,065
1933	1,330	.....	25,710	826,101
Total	25,266	8,902	227,883	10,397,597
1934	No record kept			
1935		941	25,660	1,646,309
1936		1,341	23,426	1,666,795
Total		2,282	49,086	3,313,104

The designations Distilleries and Stills apparently are used interchangeably and the two should be combined for a clear picture.

Source of data: Alcohol Tax Unit, Bureau of Internal Revenue, United States Government.

APPENDIX F

ELECTION RESULTS

Name of County	*No. Votes 1936 Election*	*Date of Election*	*For Control*	*Against Control*
Beaufort	6,660	June 29, 1935	2,933	964
Carteret	5,686	July 6, 1935	1,547	1,004
Craven	5,699	July 2, 1935	2,262	558
Edgecombe	6,512	June 22, 1935	2,845	332
Franklin	4,987	Dec. 23, 1935	1,624	1,075
Greene	3,040	July 2, 1935	876	735
Halifax	7,959	July 6, 1935	3,532	790
Lenoir	5,733	July 6, 1935	3,004	1,030
Martin	4,140	July 6, 1935	1,748	351
Nash	8,290	June 6, 1935	2,870	963
New Hanover	8,182	July 2, 1935	5,386	1,802
Onslow	2,692	July 6, 1935	1,249	283
Pasquotank	3,369	July 6, 1935	1,527	494
Pitt	9,207	July 6, 1935	3,469	1,171
Rockingham	13,412	July 9, 1935	3,503	4,022
Vance	4,531	June 29, 1935	2,483	545
Warren	2,946	July 6, 1935	1,281	669
Wilson	7,179	June 22, 1935	4,147	428

APPENDIX G

COUNTY STORES

County	*Location of Stores*	*Date Opened*
Beaufort	1. Washington	July 16, 1935
	2. Belhaven	July 24, 1935
	3. Aurora	July 20, 1935
Carteret		
Craven	1. New Bern	July 23, 1935
	2. Vanceboro	Aug. 7, 1935
Edgecombe	1. Tarboro	July 3, 1935
	2. Rocky Mount	July 9, 1935
	3. Macclesfield	July 10, 1935
	4. Pinetops	July 11, 1935
	5. Whitakers	July 12, 1935
	6. Lawrence	Sept. 14, 1935
Franklin	1. Louisburg	Jan. 6, 1936
	2. Franklinton	Jan. 15, 1936
Greene	1. Snow Hill	Aug. 1, 1935
	2. Walstonburg	Dec. 15, 1935
Halifax	1.	July 19, 1935
	2.	July 24, 1935
	3.	July 20, 1935
	4.	July 25, 1935
	5.	July 20, 1935
	6.	July 26,1935
	7.	Aug. 10, 1935
Lenoir	1. Kington	July 24, 1935
	2. LaGrange	July 24, 1935
	3. Pink Hill	Aug. 20, 1935
Martin	1. Williamston	July 19, 1935
	2. Robersonville	July 19, 1935
	3. Oak City	Aug. 1, 1935
	4. Jamesville	Sept. 3, 1935

Nash	1. Middlesex	July 18, 1935
	2. Spring Hope	July 29, 1935
	3. Nashville	July 22, 1935
	4. Rocky Mount	July 22, 1935
	5. Battleboro	July 30, 1935
	6. Bailey	Aug. 8, 1935
New Hanover	1. Wrightsville Beach	Aug. 2, 1935
	2. Carolina Beach	Aug. 2, 1935
	3. Fourth Street	Aug. 8, 1935
	4. Castle Street	Aug. 8, 1935
	5. Market Street	Aug. 10, 1935
Onslow		
Pasquotank	1. Elizabeth City	July 24, 1935
Pitt	1. Ayden	July 27, 1935
	2. Fountain	Aug. 8, 1935
	3. Bethel	Sept. 5, 1935
	4. Grifton	Oct. 9, 1935
	5. Grimesland	Oct. 19, 1935
	6. Greenville	Aug. 28, 1935
	7. Greenville	July 27, 1935
	8. Farmville	July 27, 1935
Vance	1. Henderson	July 15, 1935
Warren	1. Warrenton	July 22, 1935
	2. Littleton	July 22, 1935
Wilson	1. Wilson	July 2, 1935
	2. Elm City	July 18, 1935
	3. Lucama	Aug. 17, 1935
	4. Stantonsburg	Sept. 13, 1935
	5. Black Creek	Sept. 6, 1935
	6. Pinehurst	Oct. 19, 1935
	7. Southern Pines	Aug. 30, 1935

APPENDIX H

SALES BY COUNTY STORES

County	*Gross Receipts from Opening of Stores to Oct. 1, 1936*	*Cost and All Other Expenditures to Oct. 1, 1936*	*Net Profit*	*Percentage Profit*	*Population‡*
Beaufort	147,760.22	115,016.56	32,743.66	22.16	35,026
Carteret	97,286.43	*78,412.86	*18,873.56	*19.40	16,900
Craven	114,102.50	92,018.82	22,083.68	19.35	36,000
Edgecombe	363,794.80	286,055.51	77,739.29	21.37	48,000
Franklin	105,018.30	85,138.09	19,880.21	18.93	29,464
Greene	40,813.47	36,177.71	4,635.76	11.36	18,000
Halifax	326,206.25	258,499.37	67,706.88	20.75	55,000
Lenoir	291,890.80	224,973.67	66,917.13	22.92	35,716
Martin	131,529.91	104,468.08	27,061.83	20.57	23,388
Nash	313,766.35	250,688.92	63,077.43	20.10	52,782
New Hanover	502,792.08	383,630.24	119,161.84	23.70	45,000
Onslow	62,972.12	51,569.06	11,403.06	18.10	16,000
Pasquotank	134,391.60	103,580.86	30,810.74	22.92	19,143
Pitt	284,132.30	227,107.46	57,024.84	20.07	55,000
Vance	266,487.96	208,335.33	58,152.63	21.82	29,000
Warren	83,775.90	74,165.66	9,610.24	11.47	23,364
Wilson (A)	351,142.92	289,469.96	61,672.96	17.56	44,914
Moore (B) (2 Townships)	229,469.49	191,096.56	38,372.93	16.72	*10,000
Total	3,847,333.40	3,060,404.72	786,928.67	19.40	592.697

* No figures furnished—estimated.
‡ Last Federal census.

APPENDIX I

A BILL TO BE ENTITLED, "AN ACT TO PROVIDE FOR THE SALE AND CONTROL OF ALCOHOLIC BEVERAGES IN NORTH CAROLINA"

The General Assembly of North Carolina do enact:

SECTION 1. That the purpose and intent of this Act is to establish a system of control of the sale of alcoholic beverages in North Carolina, and to provide the administrative features of the same, in such a manner as to insure, as far as possible, the proper administration of the sale of alcoholic beverages under a uniform system throughout the State.

SEC. 2. That a State Board of Alcoholic Control is hereby created, to consist of a chairman and two associate members. The members of said Board shall be men well known for their character and ability and business acumen and success. The chairman of said Board shall devote his whole time to his official duties and shall receive a salary of Six Thousand ($6,000.00) Dollars per annum, payable monthly and the two associate members of said Board shall receive for the time actually engaged in their official duties, Twenty-five ($25.00) Dollars per day, with travel expense, as follows: When their private automobiles are used they shall be paid therefor, at the rate of five cents per mile traveled from their homes, to and from the place of meeting, or elsewhere, on official business, and if railroad or bus travel is used, then the actual amount thereof, and their per diem and travel expense as herein allowed, shall be paid to them monthly upon the certificate and approval of the chairman of said commission.

SEC. 3. That the members of said State Board shall be appointed by the Governor, and the first appointees shall serve as follows:

The Chairman shall serve for a period of three years from the date of his appointment and one associate member shall serve for a period of two years from the date of his appointment and the other associate member shall serve for a period of one year from the date of his appointment, and the subsequent appointments of all of the members of the said Board shall be for a term of three years from the date of each appointment.

SEC. 4. The said State Board of Alcoholic Control shall have power and authority as follows, to-wit:

(a) To supervise all county stores for the sale of alcoholic beverages and to see that all the laws relating to the sale and control of alcoholic beverages are observed and performed.

(b) To audit and examine the accounts, records, books and papers relating to the operation of county stores herein provided for.

(c) To fix the prices at which all sales of alcoholic beverages in county stores shall be made, and, in its discretion, to approve or disapprove prices of alcoholic beverages, which the several county stores may propose to pay for same.

(d) To remove any member, or members, of county boards whenever in opinion of the State Board, such member, or members, of the county board, or boards, may be unfit to serve thereon.

(e) To test any and all alcoholic beverages which may be sold, or proposed to be sold to the county stores, and to install and operate such apparatus, laboratories, or other means or instrumentalities, and employ to operate the same such experts, technicians, employees and laborers, as may be necessary to operate the same, in accordance with the opinion of the said board.

(f) To supervise purchasing by the county stores with full power to disapprove any proposed purchase, and to prevent excessive purchasing which is not in accordance with good business judgment, and to approve, in its discretion, such purchases by the county boards as are, in its opinion, proper, and at all times to inspect all invoices, papers, books and records in the county stores relating to purchases.

(g) To approve or disapprove opening and closing hours of county stores which shall, in the first instance, be fixed by the several county boards, but before the final adoption of such opening and closing hours, the same shall have the approval of the said State Board, and the said State Board shall have and exercise the authority to approve or disapprove closing hours and to direct the several county boards to reconsider such hours, and refix the same, and the said refixed hours of opening and closing shall be subject to the approval or disapproval of the said State Board.

(h) To exercise the power to approve or disapprove in its discretion all regulations adopted by the several county stores for the operation of said stores and the enforcement of alcoholic beverage control laws, and no regulation of the said county boards shall be effective or valid until and unless the same shall have been approved by the said State Board, and then only to the extent of such approval.

(i) To approve, or disapprove, salaries of all members of county boards, which shall, in the first instance, be fixed by the Boards who appoint members of said county boards, but no salary of any member of said county boards shall be valid until and unless the same has been approved by the said State Board and then only to the extent of such approval.

(j) To approve or disapprove in its discretion the amount allocated by the several county boards from the receipts from the several county stores for the enforcement of alcoholic beverage control laws, and to require that a sufficient amount shall be so allocated as to insure adequate enforcement and the said amount shall, in no instance, be less than five per cent, or more than ten per cent of the profits arising from the sale of alcoholic beverages.

(k) To remove, in its discretion, for cause, any or all enforcement officers employed, elected or appointed in the several counties where county stores may be operated.

(l) To approve or disapprove, in its discretion, the opening of county stores, except each county that may be entitled to operate stores for the sale of alcoholic beverages shall be entitled to operate at least one store for such purpose, at the county seat therein, or at such other place as may be selected by the said county board, but as to all additional stores in each of said counties the same shall not be opened until and unless

the opening of the same and the place of location thereof shall first be approved by the said State Board, and at any time to withdraw its approval of the operation of any additional county store when the said store becomes unprofitable in its operation, or is not operated efficiently and in accordance with the alcoholic beverage control laws and all valid regulations prescribed therefor, or whenever, in the opinion of the said State Board, the operation of any county store shall be inimical to the morals or welfare of the community in which it is operated or for such other cause, or causes, as may appear to said State Board sufficient to warrant the closing of any county store.

(m) To provide and install and to require the use of a uniform accounting system in the operation of all county stores hereunder and to provide in said system for the keeping therein and the record of all such information as may, in the opinion of the said State Board, be necessary or useful in its auditing of the affairs of the said county stores, as well as in the study of such problems and subjects as may be studied by said state board in the performance of its duties.

(n) To grant, to refuse to grant, or to revoke, permits for any person, firm or corporation to do business in North Carolina in selling alcoholic beverages to or for the use of any county store and to provide and to require that such information be furnished by such person, firm or corporation as a condition precedent to the granting of such permit, or permits, and to require the furnishing of such data and information as it may desire during the life of such permit, or permits, and for the purpose of determining whether such permit, or permits, shall be continued, revoked or regranted after expiration dates. No permit, however, shall be granted by said State Board, to any person, firm or corporation when the said State Board has reason sufficient unto itself to believe that such person, firm or corporation has furnished to it any false or inaccurate information or is not fully, frankly and honestly coöperating with the said State Board and the several county boards in the observance and performance of all alcoholic beverage laws which may be now or hereafter in force in this State, or whenever the said Board shall be of opinion that such permit ought not to be granted or continued for any cause.

(o) That the said State Board shall have all other powers which may be reasonably implied from the granting of express powers herein named, together with such other powers as may be incidental to, or convenient for, the carrying out and performance of the powers and duties herein given to said Board.

Sec. 5. That the Governor shall at all times have full power and authority to remove any and all members of the said State Board, upon notice to such members or members, in his discretion, for any cause that appears to him to be sufficient, and to reappoint his successor or successors to the removed members, observing, however, the terms of office of each of them, as herein set forth, and whenever a vacancy shall occur for any cause then the appointment to fill such vacancy shall be for the unexpired portion of the term of the predecesor of each appointee.

Sec. 6. That in each county which may be hereafter permitted to engage in the sale of alcoholic beverages, there is hereby created a

County Board of Alcoholic Control, to consist of a chairman and two other members. The members of said Board shall be well known for their character, ability and business acumen. The members of said board shall be selected in each respective county in a joint meeting of the Board of County Commissioners, the County Board of Health and the County Board of Education, and each member present shall have only one vote, notwithstanding the fact that there may be instances in which some members are members of another board.

The terms of office of the members of said county boards shall be as follows: The chairman, who shall be so designated by the appointing boards, shall serve for his first term a period of two years and one member shall serve for his first term a period of three years and the other member shall serve for a period of one year, all terms beginning with the date of their appointment and after the said term shall have expired their successors in office shall serve for a period of three years and shall be appointed in the same manner as herein provided in this section.

Sec. 7. The salaries of the members of the said county board shall be fixed by the joint meeting of the several boards that appoint them and shall be fixed with the view to securing the very best members available, with due regard to the fact that such salaries shall be adequate compensation, but shall not be large enough to make said positions unduly attractive or the objects of political aspiration.

Sec. 8. That the salaries of the members of the respective county boards shall begin and be payable from and after the approval of the same by the State Board and then only to the extent of such approval.

Sec. 9. That no person shall be appointed a member of either the State Board or of any county board who shall be a stockholder in any brewery or the owner of any interest therein in any manner whatsoever, or interested therein directly or indirectly, or who is likewise interested in any distillery or other enterprise that produces, mixes, bottles or sells alcoholic beverages, or who is related to any person likewise interested or associated in business with any person likewise interested and neither of said boards shall employ any person who is related to any member of the employing board by blood or marriage in any degree whatsoever and no county board shall employ any person related to the member of any other county board or to any member of the State Board, and the State Board shall employ no person who is related by blood or marriage in any degree whatsoever to any member or employee of any county board and no member or employee of any of said boards shall be interested in, directly or indirectly, or related to, any person interested in any firm, person or corporation permitted to sell alcoholic beverages in this State.

Sec. 10. That the several members of the county boards shall give bond for the faithful performance of their duties, in the penal sum of five thousand ($5,000.00) dollars, and the said bond shall be payable to the State of North Carolina and to the county in which said board performs its duties, with some corporate surety, which surety shall be satisfactory to, and approved by, the County Attorney of said County, and the Chairman of the State Board, and shall be deposited with the

Chairman of the State Board. The State Board for and on behalf of the State of North Carolina, and the County named in said bond, shall each be secured therein to the full amount of the penalty thereof and the recovery or payment of any sums due thereunder to either shall not diminish or affect the right of the other obligee in said bond to recover the full amount of the said penalties thereof, and the giving and the approval of such bond shall be a part of the qualification of said members and no member shall be entitled to exercise any of the functions or powers incident to his appointment until and unless the said bond shall have been given and approved as herein provided.

SEC. 11. That the said County Boards shall each have the following powers and duties:

(a) Control and jurisdiction over the importation, sale and distribution of alcoholic beverages within its respective county.

(b) Power to buy and to have in its possession and to sell alcoholic beverages within its county.

(c) Power and authority to adopt rules and regulations governing the operation of stores within its county and relating to the carrying out of the provisions and purposes of this Act.

(d) To prescribe and regulate and direct the duties and services of all employees of Said County Board.

(e) To fix the hours for the opening and closing of stores operated by it.

(f) To import, transport, receive, purchase, sell and deliver and have in its possession for sale for present and future delivery alcoholic beverages.

(g) To purchase or lease property, furnish and equip buildings, rooms and accommodations as and when required for the storage and sale of alcoholic beverages and for distribution to all County stores within said county.

(h) To borrow money, guarantee the payment thereof and the interest thereon, in such manner as may be required or permitted by law, as and when approved by the State Board, and to issue, sign, endorse and accept checks, promissory notes, bills of exchange and other negotiable instruments and to do all such other and necessary things as may be required or may be convenient in the conduct of liquor stores in its county.

(i) To investigate and aid in the prosecution of violations of this Act and other liquor laws, by whatever name called, and to seize alcoholic beverages in said county sold, kept, imported or transported illegally and to apply for confiscation thereof and to coöperate in the prosecution of offenders in any court in said county.

(j) To regulate and to prescribe rules and regulations that may be necessary or feasible for the obtaining of purity in all alcoholic beverages, including true statements of contents and the proper labeling thereof.

(k) To fix and maintain the prices of all alcoholic beverages sold by liquor stores in said county and to prescribe to whom the same may be sold, and to purchase and have and fix the price of alcohol for scientific, pharmaceutical and industrial purposes, and to issue permits for the use

of alcohol for scientific research, for industrial use, for medical purposes, for hospitals and sanatoria and the use of alcohol for any of said purposes shall be tax free.

(l) To exercise the power to buy, purchase and sell and to fix the prices at which all alcoholic beverages containing over five per centum of alcohol by weight, which may be purchased from it, but nothing herein contained shall give said Board the power to purchase or sell or deal in alcoholic beverages which contain less than five per centum of alcohol by weight or natural wines.

(m) To locate stores in its county and to provide for the management thereof and to appoint and employ at least one person for each store conducted by it, who shall be known as "manager" thereof. The duty of such manager shall be to conduct the said store under directions of the County Board and to carry out the law applying thereto, and such manager shall give bond for the faithful performance of his duties in such sum as may be fixed by said County Board, with sufficient corporate surety and said surety, or sureties thereon, shall be approved by the said County Board as a part of the qualification of such manager for his appointment, and the said County Board shall have the right to sue on said bond and to recover for all failures on the part of said manager faithfully to perform his duties as such manager, to the extent of any loss occasioned by such manager on his part, but as against the surety, or sureties, thereon, such aggregate recovery, or recoveries, shall not exceed the penalty of said bond.

(n) To discontinue the operation of any store in its county whenever it shall appear to said Board that the operation thereof is not sufficiently profitable to justify a continuance of its operation, or when, in its opinion, the operation of any store is inimical or hurtful to the morals or welfare of the community in which it is operated, or when said County Board may be directed to close any store by the State Board.

That all the powers and duties herein conferred upon county boards, or required of them, shall be subject to the powers herein conferred upon the State Board and whenever or wherever herein the State Board has been given power to approve or disapprove anything in respect to county stores or county boards, then no power on the part of the county boards and no act of any county board shall be exercisable or valid until and unless the same has been approved by the State Board.

Sec. 12. That no alcoholic beverage shall be sold by any county store or the manager thereof or any employee therein at any time other than within the opening and closing hours for said store, as fixed in the manner herein provided, and otherwise as prescribed by the said county board with the approval of the State Board. No alcoholic beverage shall be sold to any minor, or to any person who has been convicted of public drunkenness or of driving any motor vehicle while under the influence of intoxicating liquors, or has been convicted of any crime wherein the Court or Judge shall find as a fact that such person committed said crime or aided and abetted in the Commission thereof as result of the influence of intoxicating liquors (within one year of such conviction), or to any person known to be an habitual drunkard. The manager and employes of and in any county

store may, in their discretion, refuse to sell alcoholic beverages to any individual applicant, and such power and the duty to exercise the same shall vest in and apply to such manager and employes, regardless of the failure of the county boards to make any regulations providing for the same.

SEC. 13. That no alcoholic beverage shall be drunk upon the premises of any county store or warehouse, or room or building occupied or used by any county board or any of its employes for the purpose of performing their duties in respect to alcoholic beverages, and such county boards, managers and employes shall not permit alcoholic beverages to be drunk upon said premises and all county stores shall be closed on Sundays and election days, and such other days as the State Board may designate.

SEC. 14. The possession for sale, or sales, of illicit liquors, or the sale of any liquors purchased from the county stores, is hereby prohibited and a violation of this section shall constitute a crime and shall be punishable by fine or imprisonment, or both, in the discretion of the Court.

It shall be unlawful to manufacture alcoholic beverages in this State, having over five per centum of alcohol by weight, excepting therefrom the manufacture of beer having less than five per centum of alcohol by weight, and natural wines and a violation of this provision shall constitute a misdemeanor, punishable by fine or imprisonment, or both.

SEC. 15. It shall be unlawful for any person to drink alcoholic beverages or to offer a drink to another person, or persons, whether accepted or not, at the place where the same is purchased from the county store, or the premises thereof, or upon any premises used or occupied by county boards for the purpose of carrying out the provisions of this Act, or on any public road or street, and the violation of this section shall constitute a misdemeanor and shall be punishable by a fine or imprisonment, or both, in the discretion of the Court.

SEC. 16. It shall be unlawful for any county store to advertise anywhere, or by any means or method, alcoholic beverages which it has for sale and shall not advertise or post its prices, other than in the store, or stores, which it operates, and in such stores it shall only state the brands or kinds of beverages and the price of each kind and such price list shall only be posted for public view in one place in said store.

It shall be unlawful for any person, firm or corporation to erect or set up, or permit to be set up, any sign or bill-board, or other device, containing any advertisement of alcoholic beverages on his premises, and if the same shall be set up by any other person then such owner or lessee of such premises shall not permit the same to remain thereon.

That this section shall not apply to alcoholic beverages containing less than five per centum of alcohol by weight and natural wines.

SEC. 17. That no firm, person or corporation in this State shall broadcast, or permit to be broadcast, any statement, speech, or any other message by whatsoever named called, over any radio broadcasting system doing business in this State, when such advertising matter tends to advertise alcoholic beverages containing over five per centum of alcohol by weight and the broadcast thereof originates in this State.

SEC. 18. That the several county boards by and with the consent and approval of the State Board, shall have power to make such other rules and

regulations as will prevent and tend to prevent advertisement of alcoholic beverages otherwise than is expressly prohibited herein and to publish such rules and regulations and to take effective measures to enforce the same.

SEC. 19. That all salaries and expenses incurred under the provisions of this Act shall be paid out of the proceeds of the sales of alcoholic beverages, as follows: All salaries and expenses of county boards and their employes shall be paid out of the receipts for their sales as operating expenses and the salaries and expenses of the State Board shall be paid out of the receipts from county stores, as herein provided.

SEC. 20. That the net profits from sales by all county stores shall be divided as follows: Twenty per centum thereof shall be paid into the State Treasury and eighty per centum thereof shall be paid to the County Treasury of each respective county wherein county stores are operated.

SEC. 21. It shall be unlawful for any person, firm or corporation, to purchase in, or to bring in this State any alcoholic beverage containing over five per centum of alcohol by weight from any source, except from a county store operated in accordance with this Act, except a person may purchase legally outside of this State and bring into the same for his own personal use not more than one gallon of such alcoholic beverage. A violation of this section shall constitute a misdemeanor, punishable by fine or imprisonment, or both, in the discretion of the Court.

SEC. 22. No person, firm or corporation shall manufacture in this State alcoholic beverages containing over five per centum of alcohol by weight, except natural wines, and a violation of this section shall constitute a misdemeanor, punishable by fine or imprisonment, or both, in the discretion of the Court.

SEC. 23. A violation of any of the provisions of this Act by any person, firm or corporation, and the violation of any provision of this Act, or any regulation adopted by any county board and approved by the State Board, by any member of the State Board, or any member of any county board, or any employe of either of said boards, shall constitute a misdemeanor, punishable by fine or imprisonment, or both, in the discretion of the Court, and in addition thereto shall constitute sufficient cause for the removal of such person from either of said boards, or from his employment under either of said boards, and in addition to the power of the State Board to remove any of its employes or any member of any county board and the power of any county board to remove any of its employes from such employment, the Court in which the said conviction is had shall have the power upon such conviction and as a part of its judgment thereon to remove such person from either of said boards or from the employment of either.

SEC. 24. That the term "alcoholic beverages," as used in this Act, is hereby defined to be and to mean alcoholic beverages of any and all kinds, except natural wines, which shall contain more than five per centum of alcohol by weight.

SEC. 25. That no county liquor store shall be established, maintained or operated in this State, in any county thereof, until and unless there shall have been held in such county an election, under the same rules and regulations which apply to elections for members of the General Assembly, and at said election there shall be submitted to the qualified voters of such county

the question of setting up and operating in such county a liquor store, or stores, as herein provided, and those favoring the setting up and operation of liquor stores in such county shall vote a ticket on which shall be printed the words, "For County Liquor Control Stores," and those opposed to setting up and operating liquor stores in such county shall vote a ticket on which shall be printed the words, "Against County Liquor Control Stores," and if a majority of the votes cast in such election shall be for county liquor stores, then a liquor store, or liquor stores, may be set up and operated in such county as herein provided, and if a majority of the votes cast at said election shall be against county liquor stores, then no liquor stores shall be set up or operated in said county under the provisions of this Act.

That such election shall be called in such county by the Board of Elections of such county only upon the written request of the Board of County Commissioners therein, or upon a petition to said Board of Elections signed by at least fifteen per centum of the registered voters in said county that voted in the last election for Governor.

That no other election under this section shall be had in any county within three years of the last election on said question, and the expense of all elections in such county held under this section shall be paid out of the general county funds.

That no election under this section shall be held on the day of any biennial election for county officers, or within sixty days of such an election, and the date of such elections under this section shall be fixed by the Board of elections of the county wherein the same is held, and that Chapters 418 and 493 of Public Laws of 1935 be and the same are hereby repealed, and all other laws and clauses of laws in conflict herewith, to the extent of such conflict, are hereby repealed.

Sec. 26. That this Act shall be in force from and after its ratification.

APPENDIX J

In lieu of Appendix I, Commissioners Robinson, Hines and Varser object to Section 26, commonly called the "Ratifying Section," and propose the following section:

Sec. 26. That this Act shall take effect only after an election shall be held in each county in this State, under the State Board of Elections and the several County Boards of Election, wherein shall be submitted to the qualified voters of this State the question of State-wide Prohibition, and the question of the adoption of a system of liquor stores for the sale of alcoholic beverages, and in said election tickets shall be used on which shall be printed the words, "For State-Supervised County Liquor Stores," and the words, "Against State-Supervised County Liquor Stores," and if a majority of the votes cast in said election shall be for State-supervised county liquor stores, then and in that event, this Act shall take effect from and after the date on which the State Board of Elections shall certify the result of said election, and if a majority of the votes cast in said election shall be against State-supervised county liquor stores, then and in that event, upon the certifying of the result of said election by the State Board of Elections, this Act shall not take effect then, or thereafter, except the said election shall have the re-

sult of repealing Chapters 418 and 493 of the Public Laws of 1935, and from and after that date when said election results are certified, all liquor stores then operated under Chapters 418 and 493, Public Laws of 1935, shall be closed and no functions thereunder shall be performed by the several county boards now operating thereunder, except for the purposes of disposing of all liquors then on hand and closing up the affairs of said stores, which shall be completed within sixty days from and after the date of said certification of the results of said election.

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